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AZ CORP COMMISSION
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August 31, 2016

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Arizona Corporation Commission
DOCKETED

SEP 08 2016

Re: Petition to Deny Proposed TEP Tariff Rate Increase
ACC Dockets E-01933-A-15-0239 and E-01933-A-15-0322

DOCKETED BY

Dear Commissioners:

I am respectfully requesting that you consider denial of the above TEP applications for across-the-board tariff rate increases. At least, please consider the exclusion of low-income and limited income ratepayers, even if it means re-structuring the tariff adjustment on a volumetric or other manner.

I have lived and worked in Tucson for more than 30 years, so I am a long time TEP customer.

I come to this meeting to speak on behalf of my peers in AARP and, in general, on behalf of senior citizens and limited income persons who reside in Southern Arizona.

I have briefly read through the above two fixed tariff rate increase application documents that TEP has submitted for your approval.

I also read a recent article that summarizes the TEP requests to include a \$12/mo fixed rate increase for the average residential customer (see Attachment 1). I realize that this is a trivial amount of money to the more fortunate members of our community, like me, as well as to the Commissioners, ACC Staff, and TEP applicants.

I also understand, from reading the application and the proposed settlement agreement subscribed to by the ACC and several utilities and entities in Arizona that the underlying basis for this request is that TEP would like to be allowed to realize a 9.75% return on equity.

I have been actively coming to ACC hearings, since 2008, and I am concerned that one of the most often recurrent arguments presented by the several utility providers that get a strong support from ACC Staff and the Commissioners is a "fair return on equity". Oftentimes, a comparison is made with investors in other markets, who are able to obtain larger returns on their investment.

My first thought is that applicants and the ACC somehow fail to remember that the underlying reason for a system that regulates utility providers is the need to ensure that they provide reliable and affordable service to their clients, especially the retired and low-income residential user, who have no one to petition to for an income adjustment, especially at those times when our national/local economy is slow.

Now a few facts about senior citizens in Arizona:

- a) the Social Security Administration reports that, as of December of 2015, there were about 928,451 older-than-65 persons receiving an SSA allowance in Arizona (see Attachment 2);
- b) the most recent data compiled by AARP indicates that 32% of these persons depend exclusively on their SSA allowance (see Attachment 3);
- c) this same data indicates that the average monthly SSA individual allowance is \$1,273 and about \$2,300 for couples; these amounts are above the Federal Poverty Index Guidelines for 2016 (see Attachment 4), and just slightly above the 150% threshold that sets the bar for grant assistance under the Arizona Low-Income Ratepayer Assistance (LIRA) program;
- d) in the specific case of TEP, the LIRA stipend grants an \$8 reduction of the monthly bill, if the ratepayer is found to qualify (see Attachment 5);
- e) The newspaper article mentioned an average \$12/mo increase due to this TEP tariff increase request; the settlement agreement seems to indicate that the increase would be \$9/mo;
- f) \$12/mo = \$144 per year; this is a larger amount than the average Medicare premium of \$104.90 that gets deducted from an SSA senior allowance every month; this also larger than the premium of \$121.80, for seniors who begin their Medicare enrollment in 2016; and,
- g) The average senior SSA beneficiary did not receive a cost-of-living adjustment (COLA) last year and will not get one next year; still, seniors face ever-increasing medical and medication costs.

In effect, by requesting an across-the-board fixed rate fee, the TEP applicant is asking that senior citizens defer at least one Medicare premium to allow TEP investors to realize a "fair return on equity".

The financial disclosure that is provided in support of the petition does not provide an accurate picture of the utility provider balance sheet, in my opinion. There is no mention of the financial credit that is granted the provider by the State of Arizona, which grants it an exclusive territory or service area and saves it the cost of marketing and advertising. This is a significant cost for most companies that operate in the open market, where they are allowed to seek as much profit as they can; it is usually mentioned as 10% - 12% of the annual income, and in some cases it may be as high as 35% of total annual income for some businesses. So I say the TEP balance sheet should be asked to show a credit for the savings in marketing and advertising that utility providers are granted, in order that they may guarantee to their customers reliable and affordable service.

There is neither mention that the residential user has no choice but to connect into the provider's local grid and under its operating rules, which require that the new user provide facilities up to its residence that meet the specifications of the provider, at the user's expense. Thus, every customer makes a real investment into each of his utility provider infrastructure systems, as a requirement of service. The standard utility provider balance sheet does not provide a credit for this contribution or ratepayer equity.

So I am deeply disturbed that the Commission continues to take the side of the utility provider applicants, when it comes to rate increases, and that lately the underlying justification is a "fair return on equity".

I think that, before asking senior citizens to forego one month of their Medicare premium for the sake of protecting the return on equity of utility provider investors, they should ask the utility providers to find other ways to reduce costs and find ways to explain to their investors that they are not the only ones that are not getting a fair return on their investment.

I believe that asking this type of expense from senior citizens in order to justify profit to investors goes beyond unethical to unconscionable or even obscene.

I therefore urge the Commissioners to not support the recent TEP petition, and that they instruct all utility providers to look for ways to protect the more underprivileged sector of the ratepayers from inordinate expenses that make their condition more difficult. Perhaps recommendations can be made to the State Legislature to develop specific guidance for the ACC and utility providers to provide effective safeguards for the limited and low-income sector of our population.

I know that my friends and fellow members in AARP are ready to volunteer effort and resources to develop such safeguards for our seniors and limited-income citizens.

Sincerely,

Rene A.G. Piña

7309 E. Montecito Drive
Tucson, Arizona 85710

A large, stylized handwritten signature in black ink, appearing to be 'Rene A.G. Piña', written over the typed name and address.

http://www.sahuaritasun.com/news/tep-sets-rate-hike-hearings-in-tucson/article_e64bed02-3e49-11e6-804f-877b2f523fa1.html

TEP sets rate hike hearings in Tucson

Sahuarita Sun Jun 30, 2016

Hearings on whether to raise Tucson Electric Power's rates should begin by the end of summer, a TEP official told the Sahuarita Town Council on Monday.

Larry Lucero, senior director of government relations and economic development, said the hope is for the Arizona Corporation Commission to take up the company's requested rate increase Aug. 31.

TEP is requesting an additional \$109.5 million in revenue from the commission, which would translate into an extra \$12 a month for the average user, according to documents filed with the commission.

The company says it has seen a drop in usage and it also needs to recoup \$1.3 billion it has invested in infrastructure, the documents say.

Attachment 1



Social Security

Congressional Statistics for December 2015 Arizona

Old-Age (retirement), Survivors, and Disability Insurance (OASDI)—popularly referred to as Social Security—provides monthly benefits to an eligible worker and family members when the worker elects to start receiving retirement benefits or when the worker dies or becomes disabled. A worker's lifetime covered earnings largely determine the amount of benefits received.

Table 1.
Number of OASDI beneficiaries in current-payment status and total monthly benefits, December 2015

Congressional district	Number of beneficiaries						Total monthly benefits (thousands of dollars)			Number of beneficiaries aged 65 or older
	Total	Retired workers	Disabled workers	Widow(er)s and parents	Spouses ^a	Children ^b	All beneficiaries	Retired workers	Widow(er)s and parents	
Arizona	1,241,101	882,106	155,862	77,174	48,051	77,908	1,576,939	1,207,692	99,151	928,451
1	145,394	100,773	17,866	9,391	6,131	11,233	178,202	135,006	11,175	106,313
2	164,660	118,449	19,803	10,874	6,892	8,642	208,231	160,677	14,076	126,094
3	107,810	67,256	17,283	7,489	5,521	10,261	115,254	79,595	8,108	71,295
4	204,198	152,132	24,739	11,571	6,222	9,534	256,854	201,282	14,772	155,697
5	128,296	94,912	13,196	7,801	4,694	7,693	172,148	135,088	10,700	100,184
6	138,527	103,863	13,504	8,595	6,338	6,227	197,863	158,024	12,503	111,421
7	81,511	45,167	18,491	5,195	2,979	9,679	86,014	53,732	5,697	47,775
8	169,390	129,242	16,341	9,777	5,592	8,438	227,413	182,811	13,276	135,124
9	101,315	70,312	14,639	6,481	3,682	6,201	134,960	101,476	8,844	74,548
All areas ^c	59,963,425	40,089,061	8,909,430	4,190,676	2,477,567	4,296,691	73,642,029	53,790,278	5,194,659	43,243,199

SOURCES: Social Security Administration, Master Beneficiary Record, 100 percent data; and U.S. Postal Service geographic data.

a. These beneficiaries receive payment on the record of a worker who is retired or disabled.

b. These beneficiaries receive payment on the record of a worker who is retired, deceased, or disabled.

c. Includes beneficiaries in the 50 States, District of Columbia, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, and foreign countries.

Attachment 2



Social Security: 2014 Arizona Quick Facts



Arizona's 65+ population is 972,000.

In 2012, Arizona's population was about 6.6 million, with 972,000 being age 65 and older residents.¹

Social Security generates \$30 billion dollars in economic output for Arizona.

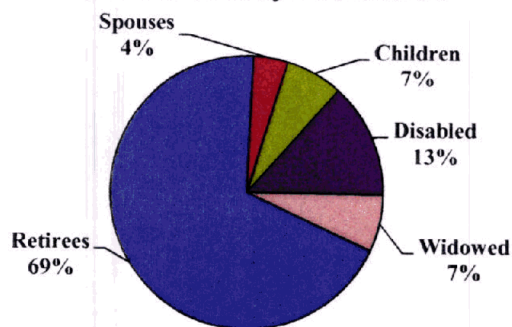
In 2012, Arizona residents received \$15.9 billion dollars from Social Security.⁴ Every \$1 dollar of Social Security received in Arizona generates \$2.00 of economic output. Spending related to Social Security by beneficiaries, businesses and workers on goods and services generates \$30 billion in economic output for Arizona.²

One in six Arizona residents receives Social Security.

The Social Security program not only provides monthly benefits to retired workers, but also to families when the worker retires, dies, or becomes disabled. In 2012, over 56 million Americans received Social Security benefits; of these, 1,141,080 lived in Arizona.³

In 2012, one in six Arizona residents received Social Security.¹ While 69% of beneficiaries are retirees, 31% are not: 154,917 are people with disabilities; 76,874 are widows and widowers; 78,563 are children; and 45,909 are spouses.³

Arizona Social Security Beneficiaries



Nearly all Arizona residents age 65 or older receive Social Security.

Nationally, over 18% of all people receive Social Security benefits; in Arizona, 17% of residents do. However, older people are more likely to receive the benefit, with 92% of those ages 65 and over receiving it nationwide, and 85% of older Arizonans receiving it.¹

On average, Arizona retirees receive about \$1,273 a month from Social Security.

The average yearly Social Security benefit for an Arizona retiree in 2012 was \$15,277.⁵

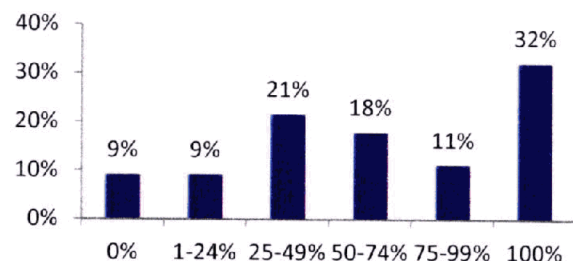
Social Security lifts 263,000 Arizonan retirees from poverty.

About 44% of the nation's older population would be living in poverty if they were not receiving Social Security. In Arizona, 42% of the state's 65+ population would have incomes below the poverty line if they did not receive Social Security.⁶

Social Security is the only source of income for about three in ten Arizonans age 65+.

Social Security makes up 50 percent or more of the income for 61 percent of Arizonans age 65 and older. One in three older Arizonans rely on Social Security as their only source of income.⁷

Income Percentage from Social Security for Arizonans 65+



2016 Federal Poverty Guidelines

At **100%** of the 2016 Poverty Guidelines
for the 48 Contiguous States and the District of Columbia

Persons in Family	Annual Income Poverty Guideline
1	\$11,880
2	\$16,020
3	\$20,160
4	\$24,300
5	\$28,440
6	\$32,580
7	\$36,730
8	\$40,890
For families/households with more than 8 persons, add \$4,160 for each additional person.	

At **150%** of the 2016 Poverty Guidelines
for the 48 Contiguous States and the District of Columbia

Persons in Family	Annual Income Poverty Guideline
1	\$17,820
2	\$24,030
3	\$30,240
4	\$36,450
5	\$42,660
6	\$48,870
7	\$55,095
8	\$61,335
For families/households with more than 8 persons, add \$6,240 for each additional person.	

Source: Federal Register, Vol. 81, No. 15, January 25, 2016, pp. 4036-4037

<http://aspe.hhs.gov/poverty-guidelines>

Tucson Electric Power Company

Low-Income Rate Assistance

- **Residential Lifeline Discount Program**

Customers whose household income is at or below 150% of the federal poverty level, may qualify for an \$8 discount off their bill each month.

- **Lifeline/Medical Life-Support Discount**

A discount is available to households that meet the financial eligibility guidelines for the Residential Lifeline Program and where certain medical situations exist. The discount is based on monthly use: 0 - 1,000 kWhs, 35%; 1001 - 2000 kWhs, 30%; over 2000 kWhs, 10%.

520-623-7711

www.tucsonelectric.com/Home/Programs/lifeline.asp

Low-Income Energy Efficiency

Since 1982 the Tucson Urban League and Pima County have been assisting low-income residents in reducing energy use and lowering their utility bills by implementing year-round weatherization measures - at no cost to eligible customers. TEP conducts energy audits and provides funding for weatherization measures.

Pima County: contact Jesus O. Duran, 740-4076

Tucson Urban League: contact Adeline McKenna, 791-9522

www.tucsonelectric.com/Home/Programs/weatherization.asp

Emergency Charitable Assistance

Help with Emergency Energy Relief Operation (H.E.E.R.O.)

H.E.E.R.O. provides one-time payments on energy bills for low-income customers. Customer donations fund the program, which is administered by the Salvation Army.

www.tucsonelectric.com/Customersvc/PaymentOptions/heero.asp

520-623-7711

Low-Income Fund for Emergencies (LIFE) Fund

In 1996, Tucson Electric Power Company set aside \$4.5 million in shareholder funds for the Low-Income Fund for Emergencies (LIFE) Fund. The interest generated from the fund – about \$250,000 per year – has been used to offset cuts in LIHEAP. The fund is administered by the Salvation Army.

520-623-7711

Home Energy Assistance Fund

Provides funds for low-income families experiencing extreme financial hardship to help pay overdue utility bills and prevent potential electric or gas shutoffs. Administered by the Arizona Community Action Association (ACAA) through Community Action Program (CAP) offices in every county. May provide eligible individuals annual one-time financial assistance of up to \$500 to restore utilities to avoid disconnections. Individuals may only apply once in a 12-month period for funding. Contact your local CAP office www.azcaa.org/azcaa-communityAgencies.html (www.azcaa.org/community-action-agencies/) or call 602-604-0640 for more information.